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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

	Application No.	Applicant(s)
Office Action Summary	10/815,093	AGGARWAL, MANOJ K.
	Examiner	Art Unit	
	John D. Scarito	3692	

-- *The MAILING DATE of this communication appears on the cover sheet with the correspondence address* --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE _3_ MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on _15 April 2005_.

2a)☒ This action is **FINAL**.   2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) _1,3-6,10-12,14-16,18,19 and 21-25_ is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) _1,3-6,10-12,14-16,18,19 & 21-25_ is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☒ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☒ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _04/02/2008_.

4)☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application

6)☐ Other: _____.

DETAILED ACTION

The following is Examiner's response to Applicant's amendment received 04/15/2008
stemming from Examiner's Office Action dated 01/15/2007.

Status of the Claims

As per Applicant's response, Examiner acknowledges that Applicant (1) submitted
replacement drawing sheets as required (2) submitted amendments to his/her specification
(including amendments necessitated by Applicant's deletion of original Figure 6), (3) amended
Claims 1, 3, 4, 10, 12, 14-16, 18, 19 & 22, and (4) cancelled Claims 2, 7-9, 13, 17 & 20. Here,
Claims 5, 6, 11, 15, 16, 21, & 23-25 are presented as originally filed, but are considered amended
due to their dependence on amended claims. As such, Claims 1, 3-6, 10-12, 14-16, 18, 19, & 21-
25 are currently pending.

Response to Remarks/Arguments

Specification & Minor Claim Objections

Applicant's amendments appear to have overcome the objections of record. As such, all
Specification/Claim Objections of the Office Action of 01/15/2007 are withdrawn.

Statutory Grounds of Rejection

The text of those sections of Title 35, U.S. Code not included in this action can be found
in a prior Office action.

Claim Rejections - 35 USC § 112

Applicant's amendments appear to have overcome the 112-2nd paragraph rejections of record. As such all 112-2nd paragraph rejections of the Office Action of 01/15/2007 are withdrawn.

Claim Rejections - 35 USC § 103

Applicant's arguments have been fully considered but are moot in view of the new ground(s) of rejection.

In response to Applicant's assertion that Marks ('356) does not teach the posting of various elements to the general ledger, Examiner points Applicant to Marks ('356), column 7, line 11. Marks ('356) merely uses a temporary journal data file, to hold such account activity elements/records (e.g. amounts, activity dates, etc) before posting to the general ledger and the creation of the permanent journal data file. One of skill in the art would appreciate that a general ledger is normally summary data. Here, Marks ('356) provides pointers (column 7, line 25) to coordinate/link general ledger data. (e.g. functionally not unlike an incorporation by reference). Surely one could place all that data in the general ledger itself if desired if one could place the linked data in a separate referenced file.

In regard to Applicant's comments that Examiner's art of record does not explicitly contemplate the posting of an "inventory sales transaction" [Applicant's Response, page 16, lines 1-2], Examiner asserts that the posting of a "transaction" is sufficient as to substance as inventory sales/purchase transactions are merely a form amongst many types postings as

recognized in the accounting art. Examiner provides another reference in his current rejection to cover sales/purchase orders as linked to inventory systems and general ledger entries/revisions.

In response to Applicant's "hypothetical posting" [Applicant's Response, page 16, line 12], Examiner utilized said disclosure as evidence that such a situation occurs (e.g. the posting of transactions with previous transaction dates which affect other previously-posted transaction records). Applicant claims a specific accounting instance for which accounting rules have been derived [see Applicant' Specification, page 5, lines 5-10]. Following these rules as well as implementation in a "computerized" form does not necessarily make Applicant's invention non-obvious. [see *In re Venner*, 120 USPQ 192, 194 (CCPA 1958), (broadly providing an automatic or mechanical means to replace an otherwise manual activity, which accomplishes the same result, is not sufficient to distinguish over the prior art)].

In response to applicant's argument that Umapathy ('014) is "unrelated to the problem of inventory item valuation changes" and deals with "a single entity" [Applicant's response, page 16, lines 24-25 & page 17, line 2], the fact that applicant has recognized another advantage which would flow naturally from following the suggestion of the prior art (e.g. use by a single entity as opposed to multiple entities) cannot be the basis for patentability when the differences would otherwise be obvious. See *Ex parte Obiaya*, 227 USPQ 58, 60 (Bd. Pat. App. & Inter. 1985). Examiner uses Umapathy ('014) to evince transactions as reducing physical assets to a dollar value [Applicant's Response, page 16, lines 3-5] as well as support for a time lag between transactions which could surely happen both within and without an entity (e.g. not to prove inventory item valuation changes as suggested by Applicant). Clearly Umapathy ('014) is related and pertinent to Applicant's field of endeavor (e.g. reconciling accounting records in view

of postings by various parties/departments). In this vein, Umapathy ('014) explicitly supports

that "information lag can result in an 'apparent discrepancies"…which needs to be reconciled"

[Applicant's Response, page 17, lines 11-12] which is in line with Applicant's accounting rule as

well as generally accepted accounting practices. Applicant is dealing with a "discrepancy" (e.g.

valuation changes) due to a time lag (e.g. earlier transaction which is later posted).

In regards to Applicant's comment on Marks ('356) teaching manual bookkeeping as

opposed to "computerized inventory accounting" [Applicant's Response, page 17, lines 21-23],

Examiner reiterates that automation of an otherwise manual activity does not necessarily

distinguish over the prior art. Further, Applicant misconstrues Mark's ('356) Background

discussion regarding computer systems. Here, Marks ('356) is identifying "serious accounting,

auditing, and reporting problems" [Marks ('356), column 2, lines 7-8] that would permit such

deleting, altering, etc. which is part of what Marks ('356) seeks to remedy. Surely, one of skill

in the art would interpret Marks ('356), as a whole, to support movement more toward previous

manual processes (more documentation versus less) to inhibit "unauthorized" revisions. [Marks

('356), column 2, lines 10-11].

In response to Applicant's comment that Marks ('356) does not teach "the posting of a

system date" [Applicant's Response, page 18, line 5], Applicant admits that "the date referred to

...relates to the date when [information] are posted...by the system. [Applicant's Response, page

18, line 11]. Although posting of a 'system date *to the general ledger*' may not be explicitly

disclosed, surely one could place such information in the general ledger if desired. (e.g. see

argument above.)

In regards to Applicant's comment that Black is unrelated to a computerized inventory accounting system [Applicant's Response, page 20, lines 16], Examiner notes that Marks ('356) does not explicitly disclose a "nullifying transaction" however it appears to suggest the implementation of "correction entries" [Marks ('356), column 2, line 6] as discussed above (e.g. resort back to a more manual process)]. Examiner provided Black as generally teaching the creation of an "audit trail" for adjustments made (e.g. reversing entries) [see Applicant's Response, page 20, lines 17] as a solution to avoid "records being altered, or erases or deleted without any indication of a separate correction entry" [Marks ('356), column 2, lines 5-6]. Reversing entries are functionally equivalent to Applicant's "nullifying transaction" and the creation of an audit trail for such adjustments is highly relevant in view of Applicant's focused adherence to accounting rules and proper accounting procedure.

Lastly, in response to Applicant's comments on Hoffman ('891) [Applicant's Response, page 21, line 10], Hoffman ('891) is relevant to Applicant's invention as it creates new journal entries based on calculations using "selected *posted* journal entries" [Hoffman ('891), paragraph 52]. This is surely in line with Applicant's adjustment values and further supports the generation of new entries to reflect record status (e.g. a new entry could be calculated to reduce the amount to zero, thus ultimately nullifying the transaction altogether). Here, Hoffman ('891) supports using posted information to create new entries (e.g. which could be corrective entries including nullifying entries).

In sum, the creation of entries and posting of entries, whether new or adjustment entries, are well understood in the art. Further, manual bookkeeping practices and generally accepted accounting practices support more documentation as opposed to less. In this vein, automating an

otherwise manual process does not necessarily make the process non-obvious. Surely one of

skill in the art would appreciate the ability to post more information/data elements to the general

ledger if desired as opposed to just summary data especially given the computing, copying, and

storing capabilities of computers. Lastly, the underpinning motivation for all art of record is

adherence and compliance with generally accepted accounting principles and procedures. A

specific rule was contemplated (e.g. by FASB) regarding valuation changes in inventory and

their effect on posted transactions. Applicant is merely claiming a method which implements

said rule in a predictable automated fashion using logical adjustment algorithms.

Response to Amendments

Specification Objection

Step (d) of Applicant's amended Claim 12 calculates "an adjustment value" via a

Equation 2 which Applicant deleted per his/her amendment [see Amendment after Non-Final

Office Action of 04/15/08, page 11, line 17]. Here, Applicant's Specification is now defective as

something is claimed which has no support, as amended. Examiner suggests that Applicant

reincorporate his/her equation 2, example, and original figure 6, without adding new matter, if

he/she wishes to claim such an adjustment value calculation.

Claim Objections

Claims 5, 6, 11, 12, 15, 16, 18, 19, 21, 22, 24 & 25 are objected to because of the

following informalities:

1. As per Claim 5, 15 & 18, Applicant indicates what happens when "the adjustment
    value is positive" but fails to indicate what happens when "the adjustment value"
    is not positive or zero. Applicant should consider combining claims 5 & 6, 15 &
    16 and 18 & 19 respectively.

2. As per Claims 6, 16, & 19, Applicant indicates what happens when "the
    adjustment value is negative" but fails to indicate what happens when "the
    adjustment value" is not negative or zero. Applicant should consider combining
    claims 5 & 6, 15 & 16 and 18 & 19 respectively.

3. As per Claims 11 & 21, said claims are objected to under 37 CFR 1.75(c), as
    being of improper dependent form for failing to further limit the subject matter of

a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form. As per Claims 11 & 21, said claims are not a proper dependent claim using the "infringement test" of MPEP 608.01(n). Here, one could literally infringe Claims 11 & 21 respectively by mere possession of a "computer readable medium" comprising executable code for performing the method of Claims 1 & 12 (e.g. the program code need only be capable of being executed to perform the method). However, this same "computer readable medium" would not infringe the method of Claims 1 & 12 respectively since the "computer readable medium" itself will never carry out any of the active method steps. If one can infringe a dependent claim (e.g. Claims 11 & 21) without infringing the independent claim (e.g. Claims 1 & 12), then the dependent claim is an improper dependent claim because it does not require all the limitations of the independent claim (e.g. Claims 11 & 21 do not require active performance of the recited method steps of Claims 1 & 12 respectively).

4. As per Claim 12, Examiner suggests reducing Equation 2 to "$p*(r-w)$" not unlike his/her amendment to Equation 1 for simplification/clarity.

5. As per Claims 22, 24 & 25, Examiner suggests that Applicant states "the original inventory transaction posting" in lieu of "the original transaction posting" for consistency.

Appropriate correction is required.

Claim Rejections - 35 USC § 112

Claims 14-16 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for

failing to particularly point out and distinctly claim the subject matter which applicant regards as

the invention.

As per Claim 14, Applicant introduces two different formulas for calculating "the

adjustment value" (e.g. "(p*r) + (x-p)*w - (x*w)" and "y*(r-w)"). Further, step b) of

Claim 12 defines "the second quantity (p) is less than the first quantity (x) minus the in-

stock quantity" whereas Claim 14 defines "the second quantity (p) is greater than the out-

of-stock quantity (y)."

As per Claims 15 & 16, said Claims are rejected due to their dependence on rejected

Claim 14.

Claim Rejections - 35 USC § 103

Claims 1 & 10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Marks

[5,117,356] in view of Berger [2005/0125251] and further in view of Umapathy [2007/0011014].

As per Claim 1, Marks ('356) teaches [a] method of maintaining a general ledger [column 4, line

41, "general ledger file"] in a computerized [] accounting system [column 3, lines 57-59, "a

computer implemented recordkeeping system for use in connection with a double-entry

bookkeeping or accounting system"].

Further, Mark ('356) discloses d) posting a corrective transaction to the general ledger having the

adjustment value. Here, Marks ('356) teaches that "manual bookkeeping systems [effect]

changes or revisions…through the posting of correcting entries." [column 2, lines 1-4]
Previously posted transactions rendered erroneous are remedied via corrective measures
and are necessary under accounting principles for accuracy of the ledgers. This is in line
with Applicant's adherence to accounting rules and procedures. Automating an
otherwise manual activity does not negate the fact that Marks ('356) discloses this
common method step.

However, Marks ('356) does not explicitly disclose: a computerized *inventory* accounting
system Regardless, Berger ('251) teaches that computerized transaction systems often
comprise inventory control systems which monitor purchase and sale transaction data to
"generat[e] general ledger data based upon the sales order data [and] purchase order data"
[see Berger ('251), paragraph 9]. Further, Umapathy ('014) buttresses that accounting
systems record events related to "inventory accounting" [see paragraph 4]. As such, it
would have been obvious to one of ordinary skill in the art, at the time of Applicant's
invention, to modify Marks ('356) to include a computerized "inventory" accounting
system. One would have been motivated to do so given that control of assets (e.g.
inventory) as well as the knowledge regarding said assets "pieces manufactured or
bought, number sold, number remaining, etc." [Umapathy ('014), paragraph 4] are
critical for accounting the value of said assets.

Next, Marks ('356) does not explicitly disclose utilizing a perpetual average inventory valuation
Nevertheless, Applicant admitted, previously uncontested, that amongst perpetual
inventory accounting systems, "[t]here are three typical valuation methods...[including]
average cost methods." [see Applicant's Background of the Invention, page 3, lines 8-11

& 18-22]. As such, it would have been obvious to one of ordinary skill in the art, at the
time of Applicant's invention, to modify Marks ('356) to include known perpetual
average inventory valuation as part of its accounting system. One would have been
motivated to do so given that "it is necessary to determine a value for sold items in order
to record the proper amount for the transaction in the COGS account." [see Applicant's
Background of the Invention, page 3, lines 2-4]. One of skill in the art would appreciate
that accuracy in accounting is imperative and that conventional valuation methods would
be adopted.

Next, Mark ('356) does not explicitly disclose a) posting an inventory sales transaction to the
general ledger that includes a record of a sale of a first quantity (x) of an item of an inventory on a first
transaction date for a first amount, which is based on a first rate (w) for the item Regardless, Marks
('356) does disclose the posting of transactions [column 7, line 12] with at least links to
data comprising the "actual date of the activity" [column 6, line 41] and "money amount"
[column 6, line 26]. Similarly, Applicant admits that "the general ledger module
typically maintains the summary information...while the individual account modules
maintain more detailed historical transaction data...[including invoice information
comprising] customer information, the date of sale, the quantity of items sold, the cost for
each item, and the total cost of the sale". Further, Umapathy ('014) supports that
"physical assets [in inventory accounting] are reduced...to a common denominator of a
currency" that "reflects the totality in dollar [value] terms" when "[goods] are **sold**"
[paragraph 5, emphasis added]. As such, it would have been obvious to one of ordinary
skill in the art, at the time of Applicant's invention, to modify Marks ('356) to include the

posting of an inventory sales transaction to the general ledger including a record of a sale

of a first quantity on a first date for a first amount based on a first rate of an item.

Although summary data is ordinarily posted, one of skill in the art would appreciate that

further invoice type data could be posted as well if desired. Ultimately, Marks ('356) and

Umapathy ('014) support the posting of data when a sales transaction occurs. The simple

substitution/supplement of other invoice-type data (e.g. date, quantity sold, total amount,

rate per item) was technically feasible and the results of the substitution are predictable

(e.g. a more comprehensive general ledger entry). One would desire such additional data

to better assess the "worth [of] goods sold" [Umapathy ('014), paragraph 5]. Further,

previously uncontested, this practice is common in known cost accounting methods.

Next, Marks ('356) does not explicitly disclose b) posting an inventory purchase transaction to

the general ledger, after the posting step a), that includes a record of a purchase of a second quantity (p) of

the item on a second transaction date, which is before the first transaction date, at a second rate (r) for the

item, which is different from the first rate (w).   Here, Examiner notes that Berger ('251) as

mentioned above contemplates both sales and purchase data when generating general

ledger data. Berger ('251) also contemplates that rates often vary even for the same item

based on vendor, etc. [paragraph 3 "materials…a low price…at higher prices". One of

ordinary skill would appreciate that a purchase rate (preferred lower) would likely be

different than a sale rate (e.g. preferred higher) to make a profit.]. As such, Examiner

notes that Applicant is claiming a particular accounting instance when "valuation changes

to the inventory [] necessitate changes to inventory sales transactions that have already

been posted" [see Applicant's Background of the Invention, page 3, lines 28-30]. Here,

Applicant admits that such a situation will arise when "posting [] a purchase transaction

to the general ledger [] dated prior to [an already] posted sales transaction." [see

Applicant's Background of the Invention, page 4, lines 5-7, e.g. after the posting step a).].

As such, it would have been obvious to one of ordinary skill in the art, at the time of

Applicant's invention, to modify Marks ('356) to include a subsequent posting of an

inventory purchase transaction with a transaction date prior to an earlier posted inventory

sales transaction. [Here, any desired data like quantity, date and rate for the posted

general ledger inventory purchase transaction entry is an obvious variant under the logic

above.]   One would have been motivated to do so given that (1) "transactions [may

involve] a time lag for the information" leading to "one party [taking] into account the

effect of [an] event while the other would not have". [Umapathy ('014), paragraph 18]

and (2) "data transfers between [] organizations [including functionally separate divisions

of the same enterprise] are typically limited to daily or weekly updates" and corrections

would be necessary where said organizations "use the same [non-updated] data records

for transactions" [see paragraph 5].

Lastly, Marks ('356) does not explicitly disclose c) calculating an adjustment value

corresponding to a change in the first amount due to a change in the first rate resulting from the inventory

purchase transaction; Nevertheless, Umapathy ('014) teaches that information lag can result

in an "apparent discrepancy...which needs to be reconciled" [paragraphs 18-19]. Further,

Berger ('251) supports a "[h]elper system [which] perform predetermined data processing

functions [to implement] order and sales and purchase order functionality" [paragraph 44]

as well as to "analy[ze] the general ledger data [and] allow[] journal entries to be made

and revised." [paragraph 65]. As such, it would have been obvious to one of ordinary

skill in the art, at the time of Applicant's invention, to modify Marks ('356) to include

calculation of an adjustment value (to account for a discrepancy of value) by assessing

the change of a first rate and a first amount resulting from a later inventory purchase

transaction. One would be motivated to do so to comply with accounting rules.

Generally, expenses (purchase costs) should be matched against the results of that

expense (sale amounts/profits) within the same period. Since an earlier in time inventory

purchase transaction was not considered in the valuation of an already posted inventory

sales transaction the posted sales transaction amount is in error by the changed amount

(e.g. the adjustment value). Here, the adjustment would be in accord with conventional

valuation methods discussed above.

As per Claim 10, Marks ('356) as modified teaches the method of Claim 1 above.

However, Marks ('356) does not explicitly disclose posting a system date to the general ledger

corresponding to a date that the inventory purchase transaction was posted to the general ledger.

Regardless, Marks ('356) does disclose "stor[ing] the date when the ledger records...were

posted and updated by the system". [see column 6, lines 45-47 & column 7, lines 39-41].

As such, it would have been obvious to one of ordinary skill in the art, at the time of

Applicant's invention, to modify Marks ('356) to include the posting of a system date to

the general ledger when an inventory purchase transaction is posted. One would have

been motivated to do so because, under accounting principles, transactions should be

associated with the time period in which they took place. System posting dates are also

commonly utilized to trace entries made in the system. [see Marks ('356) generally, e.g.

additional pointers].

Claims 3-6, 11, 12, 14-16, 18, 19 & 21 are rejected under 35 U.S.C. 103(a) as being

unpatentable over Marks [5,117,356] in view of Berger [2005/0125251] in view of Umapathy

[2007/0011014], as applied in Claim 1 above, and further in view of Official Notice.

As per Claim 3, Marks ('356) as modified teaches the method of Claim 1 above.

However, Marks ('356) does not explicitly disclose the first quantity (x) is greater than an in-

stock quantity of the items when the inventory sales transaction was posted to the general ledger. Here,

Official Notice was taken, uncontested, that it is old and well established that in-stock

quantities are commonly lower than the quantity of items sold in a sales transaction. As

such, it would have been obvious to one of ordinary skill in the art, at the time of

Applicant's invention, to modify Marks ('356) to include the possibility of in-stock

quantities of an item being less than a first quantity of the item being sold at the time of

sale. One would have been motivated to do so given the reality of backordering and the

principles of supply and demand in the business world.

As per Claim 4, Marks ('356) as modified teaches the method of Claim 3 above.

However, Marks ('356) does not explicitly disclose the adjustment value is calculated in the

calculating step c) in accordance with the following equation: [Adjustment Value = y*(r-w)] wherein y

represents an out-of-stock quantity of the item as equal to the first quantity (x) minus the in- stock quantity

of the item as identified in the general ledger when the inventory sales transaction was posted, and the

second quantity (p) is greater than the out-of-stock quantity (y). Regardless, in line with the logic

and evidence of Claim 1 above, it would have been obvious variant to calculate the

necessary adjustment value (e.g. corrective entry amount) utilizing the out of stock

quantity (y) (e.g. quantity not covered) multiplied by the difference between the first rate

(w) and the second rate (r) (e.g. this is the difference per unit by which the account is off)

when second quantity (p) is greater than the out of stock quantity (y). Here, as previously

stated, Applicant is claiming a particular accounting instance when "valuation changes to

the inventory [] necessitate changes to inventory sales transactions that have already been

posted" [see Applicant's Background of the Invention, page 3, lines 28-30]. Applicant

admits that such a situation will arise when "posting [] a purchase transaction to the

general ledger [] dated prior to [an already] posted sales transaction." [see Applicant's

Background of the Invention, page 4, lines 5-7, e.g. after the posting step a).]. In this

vein, Applicant acknowledges that "the inventory purchase transaction…that results in a

change to the first rate of the inventory sales transaction, can take on several different

forms…[consisting of]…(b) an inventory purchase transaction for a quantity of p items

that predates a posted inventory sales transaction for a quantity of x items, of which a

quantity of y items were out of stock, and where p is greater than y" [see Applicant's

Specification, page 22, lines 6-9 & 13-17]. Examiner notes that Applicant's above

equation is merely a mathematical representation of this logical corrective

entry/accounting situation. Here, the effect of valuation changes are a recognized

problem in the art, [Applicant's Background of the Invention, page 3, lines 28-30,

"valuation changes...necessitate changes to inventory sales transactions"], a finite number

of corrective entries to rectify the problem are known [see Applicant's Specification, page

22, lines 6-22], and those of skill in the art would have pursued known corrective entries,

in a manual or automated means, with reasonable expectation of success, to comply with generally accepted accounting principles and procedures. If an earlier in time purchase transaction was not considered in the valuation of an already posted sales transaction a corrective entry should be made in that accounting period.

As per Claim 5, Marks ('356) as modified teaches the method of Claim 4 above. However, Marks ('356) does not explicitly disclose the adjustment value is positive, the posting step d) includes: crediting an inventory account of the general ledger with the adjustment value; and debiting a Cost Of Goods Sold (COGS) account with the adjustment value. Regardless, Marks does disclose revising accounts via "correcting entries" [column 2, line 3]. Further, Applicant admits that "valid accounting transactions consist of a debit component and a credit component." [Applicant's Background of the Invention, page 2, lines 6-7]. In this vein, Marks ('356) teaches "recordkeeping procedures [and] accounting controls" [column 2, lines 41-45] which define "how new records are to be created…whether a money amount is to be posted as a debit or a credit…and other rules for ledger account maintenance" [column 2, lines 51-57]. In this vein, Official Notice was taken, uncontested, that it is old and well established that when an inventory account is debited/credited that a COGS account (e.g. expense account) is respectively credited/debited. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Marks ('356) to include the crediting of an inventory account and the debiting of a COGS account when a positive adjustment value is calculated. One would have been motivated to do so because a positive adjustment value indicates that the valuation amount previously recorded in a sales transaction is erroneous and undervalued. Further,

accountants desire the "traceability of all entries and postings" while maintaining

"procedures to authorize and control the creation and updating of the ledger account and

transaction record data files." [Marks ('356), Abstract].

As per Claim 6, Marks ('356) as modified teaches the method of Claim 4 above.

However, Marks ('356) does not explicitly disclose the adjustment value is negative, the posting

step d) includes: debiting an inventory account of the general ledger with the adjustment value; and

crediting a Cost Of Goods Sold (COGS) account with the adjustment value. Regardless, under the

logic of Claim 5 above, it would have been obvious to one of ordinary skill in the art, at

the time of Applicant's invention, to modify Marks ('356) to include the debiting of an

inventory account and the crediting of a COGS account when a negative adjustment

value is calculated. One would have been motivated to do so because a negative

adjustment value indicates that the valuation amount previously recorded in a sales

transaction is erroneous and overvalued. Further, accountants desire the "traceability of

all entries and postings" while maintaining "procedures to authorize and control the

creation and updating of the ledger account and transaction record data files." [Marks

('356), Abstract].

As per Claim 11, Marks ('356) as modified teaches the method of Claim 1 above.

However, Marks ('356) does not explicitly disclose [a] computer-readable medium having stored

thereon executable instructions to perform the steps of the method of claim 1. Regardless, Marks

('356) does disclose its system as being "computer implemented" [column 3, line 57]

which inherently includes a computer readable medium for said computer to execute that

invention's function. Nevertheless, Official Notice was taken, uncontested, that it is well

established that executable instructions can be recorded on a computer-readable medium

to permit the functionality of a programmed method to be realized. See MPEP 2106.01.

As such, it would have been obvious to one of ordinary skill in the art, at the time of

Applicant's invention, to modify Marks ('356) to include a computer readable medium

with executable instructions to perform the method of Claim 1. One would have been

motivated to do so given the efficiency of computers and the avoidance of possible ledger

entry errors.

As per Claim 12, Examiner points Applicant to the logic and evidence as presented in

substantially similar claim 3 above. With regards to Claim 12's step c) Examiner points

Applicant to the logic and evidence of Claim 10 above. In this vein, Marks ('356) does

not explicitly disclose b)...wherein the second quantity (p) is less than [y] (e.g. the first quantity (x)

minus the in-stock quantity) **OR** e) calculating an adjustment value corresponding to a change in a value of

the posted inventory sales transaction due to a valuation change for the sold items as a result of the posted

inventory purchase transaction in accordance with the following equation: adjustment value= $(p*r) + (x-$

$p)*w$ -(x*w) [or merely =p*(r-w)] Regardless, similar to the logic and evidence of Claim 4

above, Applicant acknowledges that "the inventory purchase transaction...that results in

a change to the first rate of the inventory sales transaction, can take on several different

forms...[consisting of]...(c) an inventory purchase transaction for a quantity of p items

that predates a posted inventory sales transaction for a quantity of x items, of which a

quantity of y items were out of stock, and where p is less than y" [see Applicant's

Specification, page 22, lines 6-9 & 17-22]. Examiner notes that Applicant's above

equation is merely a mathematical representation of this logical corrective

entry/accounting situation. Here, the effect of valuation changes are a recognized

problem in the art, [Applicant's Background of the Invention, page 3, lines 28-30,

"valuation changes...necessitate changes to inventory sales transactions"], a finite number

of corrective entries to rectify the problem are known [see Applicant's Specification, page

22, lines 6-22], and those of skill in the art would have pursued known corrective entries,

in a manual or automated means, with reasonable expectation of success, to comply with

generally accepted accounting principles and procedures. If an earlier in time purchase

transaction was not considered in the valuation of an already posted sales transaction a

corrective entry should be made in that accounting period.

As per Claims 14, Marks ('356) as modified teaches the method of Claim 12 above.

Further, Claim 14 is rejected under the logic and evidence as presented in substantially

similar Claim 12 above in conjunction with Claim 4 regarding the use of an alternate

adjustment value calculation. Lastly, Examiner directs Applicant to the 112-2nd

paragraph rejection above.

As per Claims 15 & 16, Marks ('356) as modified teaches the method of Claim 14 above.

Further, Claims 15 & 16 are rejected under the logic and evidence as discussed in Claims

5 and 6 respectively above concerning predictable credit/debit adjustments.

As per Claims 18 & 19, Marks ('356) as modified teaches the method of Claim 12 above.

Further, Claims 18 & 19 are rejected under the logic and evidence as discussed in Claims

5 and 6 respectively above concerning predictable credit/debit adjustments.

As per Claim 21, Marks ('356) as modified teaches the method of Claim 12. Further,

under the logic and evidence of Claim 11 above, it would have been an obvious variant to

modify Marks ('356) include a computer readable medium with executable instructions to

perform the method of Claim 12 above.

Claim 22 is rejected under 35 U.S.C. 103(a) as being unpatentable over Marks

[5,117,356] in view of Berger [2005/0125251] in view of Umapathy [2007/0011014], as applied

in Claim 1 above, in view of Non-Patent Literature document entitled "In the Black: Real

Accounting, Real Easy--Really?" (hereinafter Black) and further in view of Hoffman et al

[2002/0111891].

As per Claim 22, Marks ('356) teaches the method as follows a computerized [] accounting

system [column 3, lines 57-59, "a computer implemented recordkeeping system for use in

connection with a double-entry bookkeeping or accounting system"] having a general ledger

[column 4, line 41, "general ledger file"] a method of editing the original transaction posting

[column 2, line 3, "correcting entries"]

However, Marks ('356) does not explicitly disclose: a computerized *inventory* accounting

system Regardless, Berger ('251) teaches that computerized transaction systems often

comprise inventory control systems which monitor purchase and sale transaction data to

"generat[e] general ledger data based upon the sales order data [and] purchase order data"

[see Berger ('251), paragraph 9]. Further, Umapathy ('014) buttresses that accounting

systems record events related to "inventory accounting" [see paragraph 4]. As such, it

would have been obvious to one of ordinary skill in the art, at the time of Applicant's

invention, to modify Marks ('356) to include a computerized "inventory" accounting

system. One would have been motivated to do so given that control of assets (e.g.

inventory) as well as the knowledge regarding said assets "pieces manufactured or

bought, number sold, number remaining, etc." [Umapathy ('014), paragraph 4] are

critical for accounting the value of said assets.

Further, Marks ('356) does not explicitly disclose containing an original inventory transaction

posting of a first amount corresponding to a sale or purchase of a first quantity of items at a first rate

Regardless, Marks ('356) does disclose the posting of transactions [column 7, line 12]

with at least links to data comprising the "actual date of the activity" [column 6, line 41]

and "money amount" [column 6, line 26]. Similarly, Applicant admits that "the general

ledger module typically maintains the summary information...while the individual

account modules maintain more detailed historical transaction data...[including invoice

information comprising] customer information, the date of sale, the quantity of items

sold, the cost for each item, and the total cost of the sale". Further, Umapathy ('014)

supports that "physical assets [in inventory accounting] are reduced...to a common

denominator of a currency" that "reflects the totality in dollar [value] terms" when

"[goods] are **sold**" [paragraph 5, emphasis added]. As such, it would have been obvious

to one of ordinary skill in the art, at the time of Applicant's invention, to modify Marks

('356) to include a general ledger containing an original inventory transaction posting of a

first amount corresponding to a sale/a purchase of a first quantity of items at a first rate.

Although summary data is ordinarily posted, one of skill in the art would appreciate that

further invoice type data could be posted as well if desired (e.g. quantity, rate).

Ultimately, Marks ('356) and Umapathy ('014) support the posting of data when a sales

transaction occurs. The simple substitution/supplement of other invoice-type data (e.g.

date, quantity sold, total amount, rate per item) was technically feasible and the results of

the substitution are predictable (e.g. a more comprehensive general ledger entry). One

would desire such additional data to better assess the "worth [of] goods sold" [Umapathy

('014), paragraph 5]. Further, previously uncontested, this practice is common in known

cost accounting methods. Generally, expenses (purchase costs) should be matched

against the results of that expense (sale amounts/profits) within the same period.

Inventory items have to be reduced to 'amounts' for "Financial Accounting" purposes.

[paragraph 5].

Next, Marks ('356) does not explicitly disclose a) posting a nullifying inventory transaction

having the first amount to the general ledger such that it nullifies the original inventory transaction posting;

Regardless, Marks ('356) acknowledges the "posting of correcting entries" with concern

for the erasure or deletion of the original entry. [see column 2, lines 4-6]. In this vein,

Black teaches "adjusting and reversing entries" while maintaining an "audit trail" [page 9,

last paragraph] while following GAAP double-entry accounting [page 9, first paragraph].

Similarly, Hoffman ('891) teaches "updating the balances when a change occurs to any

historical data" [paragraph 43] and that if "an error or change occurs" for example by:

> "projected rates [being] replaced by actual rates), all journal entries generated
> from the point in time that a change was made or an error occurred until the point
> in time the change was discovered or the error was corrected must be deleted from
> the journal entry system, and the deleted journal entries for each of those days
> must be regenerated." [paragraph 44].

Here, Examiner notes that although Hoffman ('891) discloses deleting the entries, it also

speaks of regenerating all transactions subsequent to the error when a projected amount is

ultimately not legitimized. (e.g. not unlike the original estimate for out of stock cost of an

item being in error). Alternatively, Marks ('356) stresses the importance of having a

"separate, correction entry". [column 2, line 6] to avoid "unauthorized" modifications

[column 2, line 9, e.g. changes, deletion]. As such, it would have been obvious to one of

ordinary skill in the art, at the time of Applicant's invention, to modify Marks to include

the posting of a nullifying transaction (e.g. reversing entry/corrective entry equal to the

whole amount of the original amount). One would have been motivated to do so given

that a recorded transaction is in error and should be fixed either by adding a new entry or

deleting the entry altogether. Marks ('356) supports adding new entries. Further, as

Applicant admits, "strict accounting rules" include "prohibit[ing] editing or deleting

transactions posted to the general ledger." [Applicant's Specification, page 17, lines 4 &

8-9]. A nullifying transaction keeps the records for documentation/audit trail purposes,

(e.g. without having to regenerate transactions) while ultimately making the erroneous

posting moot for the period in question.

Next, Marks ('356) does not explicitly disclose b) posting a new inventory transaction to the

general ledger having a second amount that is different from the first amount, whereby the new inventory

transaction posting corresponds to a modified version of the original inventory transaction. Regardless,

Marks ('356) does disclose the posting of a "separate correction entry". [column 2, line

6]. Here, Examiner notes that the correcting entry would logically be a modified,

different amount, otherwise the correction is not required. Nevertheless, Hoffman ('891)

teaches the "generation of new journal entries for a specific set of account balances...a

ledger" [paragraph 52] and the "calculations of new journal entries from previously

posted journal entries...and balance updating". As such, it would have been obvious to

one of ordinary skill in the art, at the time of Applicant's invention, to modify Marks

('356) to include the posting of a new inventory transaction with an amount different

from the prior amount, but based on the prior transaction. One would be motivated to do

so given that an error exists in the ledger and the simplest way, under Marks ('356) is to

add a "separate, correction entry". This would adhere to the "strict accounting rules"

including "prohibit[ing] editing or deleting transactions posted to the general ledger."

[Applicant's Specification, page 17, lines 4 & 8-9].

Claims 23-25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Marks

[5,117,356] in view of Berger [2005/0125251] in view of Umapathy [2007/0011014] in view of

Non-Patent Literature document entitled "In the Black: Real Accounting, Real Easy--Really?"

(hereinafter Black) in view of Hoffman et al [2002/0111891] as applied in Claim 22 above, and

further in view of Official Notice.

As per Claim 23, Marks ('356) as modified teaches the method of Claim 22 above.

However, Marks ('356) does not explicitly disclose the general ledger includes an inventory

account and a Cost Of Goods Sold (COGS) account. Regardless, Official Notice, uncontested,

was taken that an inventory account as well as a COGS account are both old and well

established options for use in accounting general ledgers. As such, it would have been

obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify

Marks ('356) to include a general ledger with an inventory account and a COGS account.

One would have been motivated to do so given that these categories are important in

financial statements (e.g. balance sheets and income statements) and must be tracked.

As per Claims 24 & 25, Marks ('356) as modified teaches the method of Claim 23 above. However, Marks ('356) does not explicitly disclose the original transaction posting is (a sale/ a purchase) of items and the original transaction posting includes (a credit/ a debit) of the first amount to the inventory account and (a debit/ a credit) of the first amount to the COGS account; and the nullifying inventory transaction posting includes (a debit/ a credit) of the first amount to the inventory account and (a credit/ a debit) of the first amount to the COGS account. Regardless, Applicant admits that "valid accounting transactions consist of a debit component and a credit component where the absolute value of the debit component is equal to the absolute value of the credit component." [Applicant's Background of the Invention, page 2, lines 6-7]. Further, Umapathy ('014) teaches that "every business event (e.g. inventory 'bought' or 'sold') gives raise to a set of debit and credit entries matching in value terms. [paragraph 8]. Lastly, Examiner notes that not unlike Claim 22, a nullifying transaction would merely, in result, reverse a previous transaction. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Marks ('356) to include the matching of debits and credits in original postings and the nullifying of those postings by oppositely matching debits and credits. One would have been motivated to do so given that a recorded transaction is in error and must be fixed either by making the previous transaction moot (e.g. nullifying transaction) or deleting the old transaction and adding a new entry. Marks ('356), as well as GAAP supports adding new entries.

Prior Art

The following prior art, made of record but not relied upon, is considered pertinent to applicant's disclosure: **Boicourt et al** [2001/0029475] (system with "procedures for creating new records and updating existing records in a general ledger file" [paragraph 53] + motivation to comply with accounting rules & a general journal for documenting adjusting journal entries to the general ledger account complete with amounts and explanations of adjustments, etc. [paragraph 89]) & **Brown** [5,875,435] (electronic recorded transactions that can be adjusted [Abstract] & limited access [column 2, line 34] & adjustments before, during and after the financial transaction [column 4, lines 58-59] & fit to the accounting scheme of the individual entity [column 4, lines 60-61] & accommodates changes in GAAP [column 8, lines 6-7 + motivation to comply with accounting rules].

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event,

however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to John D. Scarito whose telephone number is (571) 270-3448. The examiner can normally be reached on M-Th (7:30-5:00), Alternate F (7:30-4:00).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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